REMARKS

In the Office Action, the Examiner noted that claims 15-55 are pending in the application, and that claims 15-55 are rejected.

By this Amendment, no claims have been added or cancelled. Therefore, claims 15-55 are pending in the application.

Applicant appreciates the Examiner's withdrawal of all previous rejections, including the previous obviousness rejection. As discussed below in detail, Applicant respectfully submits that the **newly cited publication Pitkethly is not prior art** to the present application. In addition, the newly cited publication is not combinable with the previously cited patent Hough, and even if combined, the resulting combination does not show or suggest the combination of limitations recited in the claims.

The Examiner's rejections are traversed below.

Rejection Under 35 U.S.C. Section 103

Claims 15-55 stand rejected under 35 U.S.C. Section 103 as being unpatentable over Hough (U.S. 5,414,621) combined with Pitkethly, "The Valuation Of Patents: A review of patent valuation methods with consideration of option based methods and the potential for further research". Applicant respectfully traverses these rejections.

Applicant has addressed the present rejections along the following lines:

I. The Examiner Has Failed to Cite a "Prior" Art Reference
II. The Examiner Has Failed to Show Any Reasonable Expectation of Success
III. The Examiner Must Provide Patentable Weight to All Claim Limitations
IV. Prior Art Teaches Away from Examiner's Proposed Combination
V. Invention Still Patentable Over Examiner's Proposed Combination

I. The Examiner Has Failed to Cite a "Prior" Art Reference

Without conceding that Hough and Pitkethly discloses the combination of features in the presently claimed invention, or any of the claimed features for that matter, the Examiner's statement that Pitkethly, an article entitled "THE VALUATION OF PATENTS: A review of patent valuation methods with consideration of option based methods and the potential for further

research," discloses one or more individual features of the present invention is respectfully traversed.

Applicant incorporates by reference the previous arguments with respect to the shortcomings of Hough from the previous Amendment; however, certain arguments may be repeated for the convenience of the Examiner.

Applicant initially submits that the **newly cited publication Pitkethly is <u>not</u> prior art** to the present application. Specifically, **Pitkethly arguable has a publication date of 1997. However, the present invention claims priority to December 6, 1993, which is at least 3 years before the publication date of Pitkethly. Accordingly, for this reason alone, Applicant respectfully submits that the rejection under 35 U.S.C. Section 103, <u>must be withdrawn</u>, and such action is respectfully requested.**

<u>II. The Examiner Has Failed to Show Any Reasonable Expectation of Success</u>

Applicant respectfully submits that the Examiner has failed to show any reasonable expectation of success with respect to the prior art cited in the rejection.

Specifically, in the Office Action, the Examiner contends that the article Pitkethly states "Ideally use of an objective valuation method in conjunction with the expertise of these people should enable well founded decisions about applications and the resulting patents to be taken". However, this statement has nothing to do with the combination of limitations in the presently claimed invention.

The Examiner further states that "Pitkethly also discusses: comparing a patent with other patents whose value is known, accounting valuation and licensing prices (See top of page 7. However, this portion of Pitkethly is actually discussing a prior art method, described in the Background Section of the present application, and does not at all relate to the presently claimed invention. However, this portion of Pitkethly actually **<u>teaches away</u>** from the present invention and merely teaches the older techniques of valuing intellectual property:

> The aim of ***market based methods*** is to value assets by studying the prices of comparable assets which have been traded between parties at arm's length in an active market. Perhaps the most obvious case where the method might be said to work and the only case where the cost of an IPR is a possibly useful guide to its value is when the cost concerned is the price paid for the same IPR in **<u>a very recent comparable commercial transaction.</u>**

Under this approach, the **commercial transaction** is used as the basis for the comparison. This is directly counter to the presently claimed invention.

The Examiner further states that "Other determining factors to be applied in determining the value of the intellectual properties or patents would have been the types of subject, the class of the patent, the related class/subclass of the patent or the related classes/subclasses searched by the Examiner. See also page 9 of Pitkethly." However, there is nothing in this section of Pitkethly that relates to this statement by the Examiner. Accordingly, Applicant respectfully requests the Examiner to provide additional detail supporting this aspect of the rejection.

In addition, **Pitkethly proposes a convoluted valuation method based on option pricing, and admits that the information provided therein is not sufficiently enabled**. For example, Page 20 states:

> A Patent application could thus be valued as the present value of the expected future monopoly profits from the patent less the present value of the cost of the application plus the value of the put option to abandon the application (which has an exercise price of the as yet unspent future application costs). Similarly the granted patent could be valued as the present value of the expected future monopoly profits from the patent less the present value of the future renewal fees plus the value of the put option to let the patent lapse (which has an exercise price of the as yet unspent renewal fee costs). . . .
>
> It is thus possible to divide up the various stages of a patent or patent applications life into a series of options which it should be possible to value using some of the concepts described earlier. **Needless to say this may well be easier said than done and whilst a number of potential problems have already been disposed of in the preceding discussion there remain some which will need to be overcome.**

Page 16 similarly admits:

> The application of option pricing methods to real options involving innovation and by implication patents as well **is thus by no means a straight forward task**

Furthermore, Page 23 also concedes:

> **The few practical conclusions described above** are naturally temporary since they are only using a new theoretical framework to justify existing practice. **Further work is needed** to apply the methods discussed here to generalised patent valuation problems. The key areas for further research concern assessment of the magnitude of the values of options involved in overall patent values, the establishment of means for estimating the variables used in the valuation methods described above and the assessment of the effects of any simplifying assumptions which will enable them to be used readily by patent

managers. This will involve studying the effect of various assumptions about discount rates, volatilities, compoundedness and other factors on a rigorous approach. The aim being to determine when they should be used and to maximise then-ease of use and utility when they are used.

In addition, Applicant re-asserts the previous arguments with respect to Hough:

For example, the Examiner's statement that Hough discloses "objectively determinable values forming a baseline," **is incorrect**. **Nowhere** in Hough is there mentioned the utilization of the objectively determinable values to form a baseline as part of the evaluation process. (Column 4, lines 7-15; and line 57 - Column 5, line 11).

In addition, the Examiner's statement that Hough shows "deriving first information representing the second objectively determinable characteristics of the intellectual property" **is also incorrect**. That is, the Examiner has not provided any citation to Hough, and Hough merely discloses **basic market value characteristics** according to **standard accounting techniques** as described below in detail. (Column 8, lines 34-63; Column 7, lines 43-60).

In addition, the Examiner's statement that Hough discloses the use of statistical comparison techniques is also traversed. Specifically, Hough merely discloses an assessment routine, which does not compare properties, **but only determines an assessed value of a single property**. (Column 8, lines 34-63; Column 7, lines 43-60). Without conceding that the assessment routine can even be used in the present invention, this aspect of Hough does not in fact disclose what the Examiner alleges.

Applicant also disagrees with the Examiner that the only difference between Hough and the present invention is the use of data. As described below, however, even if the only difference was the type of data, this application is not at all shown or suggested by the prior art, and must be provided patentable weight. Therefore, even if the Examiner is correct, the claimed invention patentably distinguishes over Hough and Pitkethly.

Applicant also disagrees with the Examiner that the "kind of data" does not affect the functioning of the system. On the contrary, it is the specific data that provides the estimated intellectual property value and/or worth indicator of the present invention.

Applicant also disagrees that having Hough would motivate one of ordinary skill to other properties for valuation. On the contrary, the Hough system would not at all work in an intellectual property valuation system. Further, Hough is not at all analogous to an intellectual

property audit system. Accordingly, for these reasons, Applicant respectfully requests withdrawal of the present rejection.

In addition, Applicant disagrees with the Examiner's statement that determining an estimated value of intellectual property "would have been sought after" from Hough. Actually, Hough makes no mention of intellectual property and would not at all work in the present invention. Withdrawal of the rejection is also respectfully requested for these reasons as well.

Applicant also disagrees with the Examiner's statement that the motivation would have been to obtain data to make a better assessment of estimating the value. There is no indication, except the description in the present application, that this type of data can be used to obtain a better valuation. The Examiner is clearly using the present application and claims as a template and hindsight to try to alter Hough to even remotely resemble the presently claimed invention.

Regarding the Examiner's statement that Hough considers attributes of real property, Applicant does not believe this is at all relevant to the presently claimed invention. As described below in detail, the Hough system merely values real property using standard market accounting techniques. The present invention does more than implement current accounting techniques, as described herein.

Applicant also disagrees with the Examiner that related information would have been sought in an intellectual property valuation. What related information?

With regard to the Examiner's statement that it would have been obvious from Hough to use frequency of citation information, again Applicant does not agree that Hough can be used in this manner to support a rejection based on "blind motivation" and/or "blind modification" of Hough.

With regard to the Examiner's statement that Hough uses weighing techniques for different variables, Applicant disagrees. The Examiner has failed to cite any portion of Hough that recites these features.

With regard to the Examiner's statement that Hough performs the valuation independent of accounting techniques, Applicant disagrees because, as described below, Hough actually uses standard accounting techniques that are used for real and tangible property. It is these accounting techniques that the present invention may leverage and/or employ as just one optional component in the intellectual property valuation of the present invention.

Applicant also disagrees that curve fitting techniques are well know with respect to the claimed combination of an intellectual property valuation system and/or method. **Applicant disagrees and requests the Examiner to provide a prior art reference describing this well known feature in the context of intellectual property valuations or an affidavit under 37 C.F.R. Section 1.104(d)(2) providing details of why it would have been obvious. In the absence of either, Applicant requests withdrawal of this rejection. This is Applicant's second request for an affidavit.**

With respect to claims 25, 38, 52, Applicant submits that the Examiner has not provided any basis for this rejection. Specifically, mere reference to figures 12 and 15-18 of Hough (i.e., "note figures 12 and 15-18") do not inform the Applicant of anything. Applicant requests the Examiner to withdraw the rejection or provide detailed reasoning relating to this rejection of these claims. **This is Applicant's second request for additional information.**

With respect to claims 26-27, 39-40 and 53-54, Applicant submits that the Examiner has not provided any basis for this rejection. Specifically, mere reference to columns 1-2 and column 4 of Hough (i.e. "note column 1 . . . . of Hough") do not inform the Applicant of anything. Applicant requests the Examiner to withdraw the rejection or provide detailed reasoning relating to this rejection of these claims. **This is Applicant's second request for additional information.**

Overall, the Examiner admits that Hough is limited to a real property system and provides no information or prior art basis for concluding any applicability of Hough to the present invention. Besides impermissible hindsight and what Applicant believes is a misinterpretation and stretching of Hough, the Examiner also appears to be simply modifying the prior art in any manner to arrive at the present invention, akin to the obvious to try standard that has been rejected by the courts. For example, the CCPA, precedent for the Patent Office, has held in ***In re Lindell***, 155 USPQ 521, 523 (C.C.P.A. 1967):

> Accordingly, we have criticized the "obvious to try" test on several recent occasions. . . .
>
> Furthermore, application of the "obvious to try" test would often deny patent protection to inventions growing out of well-planned research which is, of course, guided into those areas in which success is deemed most likely. These are, perhaps, the obvious areas to try. But resulting inventions are not necessarily obvious. Serendipity is not a

> prerequisite to patentability. Our view is that "obvious to try" is not a sufficiently discriminatory test.

In addition, the Examiner has failed to provide any basis for which the modifications of Hough could even work with even a minimal amount of expectation of success. As stated by the CCPA in ***In re Rinehart***, 189 USPQ 143, 148 (C.C.P.A. 1976):

> The view that success would have been "inherent" cannot, in this case, substitute for a showing of reasonable expectation of success.

Accordingly, for these reasons as well, Applicant respectfully requests withdrawal of this rejection.

III. All Claim Limitations Must Be Provided Patentable Weight

The Examiner again maintains that the claimed features of the present invention relating to "intellectual property" need not be provided any weight. Instead, the Examiner resorts to a real property estimator that cannot be used in the present invention, and if so, would render the present invention inoperable.

Applicant respectfully disagrees. The Manual of Patent Examining Procedure (MPEP) specifically states at Section 2173.05(g), copy enclosed, the following:

> A functional limitation is an attempt to define something by what it does, rather than by what it is (e.g., as evidenced by its specific structure or specific ingredients). There is nothing inherently wrong with defining some part of an invention in functional terms. . . .
>
> **A functional limitation must be evaluated and considered, like any other limitation of the claim, for what it conveys to a person of ordinary skill in the pertinent art in the context in which it is used.** A functional limitation is often in used in association with an element, ingredient, or step of a process to define a particular capability or purpose that is served by the recited element, ingredient or step.

In addition, the Federal Circuit has confirmed that a **data structure** was statutory subject matter and **provided the data structure patentable weight** over the prior art. The data structure in *In re Lowry*[1] involved the storage, use, and management of information. In holding that the data structure should be afforded patentable weight, the Federal Circuit stated:

[1] *In re* Lowry, 32 F.3d 1579, 32 USPQ2d 1031 (Fed. Cir. 1994).

> More than a mere abstraction, the data structures are specific electrical or magnetic structural elements in a memory. . . . In short, Lowry's data structures are physical entities that provide increased efficiency in computer operation. They are not analogous to printed matter. The Board is not at liberty to ignore such limitations.[2]

Thus, *Lowry* held that the data structures are to be provided patentable weight.

The application of patentable weight to data was further extended by the Federal Circuit in *AT&T Corp. v. Excel Communications, Inc.*[3] The invention was a message record for long-distance telephone calls that was enhanced by adding a primary interexchange carrier (PIC) indicator. The Federal Circuit noted that the inquiry as to whether an invention including a mathematical algorithm is statutory subject matter focuses on whether the mathematical algorithm is applied in a practical manner to produce a useful result. According to the Federal Circuit:

> [I]t is now clear that computer-based programming constitutes patentable subject matter so long as the basic requirements of 101 are met. . . . [T]he focus is understood to be not on whether there is a mathematical algorithm at work, but on whether the algorithm-containing invention, as a whole, produces a tangible, useful, result.[4]

Thus, the *AT&T* decision illustrates that the only inquiry the reviewing court need make is whether the algorithm produces a tangible and useful result. Accordingly, since **the Board has already indicated that the present invention provides such a result** that is statutory subject matter, Applicant respectfully submits that all claims must be provided patentable weight for all limitations recited therein.

IV. Prior Art Teaches Away from Examiner's Proposed Combination

Without conceding that Hough and Pitkethly disclose any of the combination of features in the presently claimed invention, the Examiner admits that Hough does not disclose the application of intellectual property. Applicant respectfully submits that there is no suggestion to modify Hough to apply in intellectual property. In fact, the prior art teaches away from modifying standard real estate valuations in the intellectual property field.

Id., 32 USPQ2d at 1035.

AT&T Corp. v. Excel Communications, Inc., 172 F.3d 1352, 50 USPQ2d 1447, 1450 (Fed. Cir.), *cert. denied.* 528 U.S. 946 (1999).

Id., 50 USPQ2d at 1454.

Specifically, Pitkethly discloses the following at Page 17:

> **Outside the field of academic economics the work done on the valuation of Patents using econometric methods is probably little known. The work in general deals with aggregate values for particular types or cohorts of patents.**

Thus, **Pitkethly admits that there is only a few select individuals** in academics – not necessarily even one of whom in the computer arts -- that might be familiar with intellectual property valuation techniques, and therefore, Applicant respectfully submits that **one of ordinary skill in the art would not have even been led to Pitkethly**, particularly since Pitkethly is largely unrelated to the presently claimed invention.

In addition, the Examiner cites Pitkethly on page 7. However, this portion of Pitkethly actually teaches away from the present invention and merely teaches the older techniques of valuing intellectual property:

> The aim of ***market based methods*** is to value assets by studying the prices of comparable assets which have been traded between parties at arm's length in an active market. Perhaps the most obvious case where the method might be said to work and the only case where the cost of an IPR is a possibly useful guide to its value is when the cost concerned is the price paid for the same IPR in **a very recent comparable commercial transaction.**

Under this approach, the commercial transaction is used as the basis for the comparison. This is largely unrelated to the presently claimed invention.

In addition, as remarked in the previous Amendment, Gordon and Parr highlight the differences between real property and intellectual property in their **2005 edition** on pages 142-43:

> PROPERTY DEFINITION: One might imagine that the task of defining a property to be appraised would not loom large, compared to other requirements of the process. Most readers may think of property definition as being the same as a physical description. To be sure, that is a part of it. In order to express an opinion about the value of a plot of land, one must determine its boundaries and area. We must also know something about its physical character-whether it is flat, hilly, dry or wet, and so forth. . . .
>
> The asset we are really appraising is the right to use the property, not its physical embodiment. We therefore must define not only the physical nature of the property but also the rights that will be the basis of the future economic benefits. There is obviously a

great difference in value between the full right of ownership to a machine and the right to use the machine for three years in the manufacture of a specific product.

We will be discussing these factors in greater detail when we present the **subject of intellectual property exploitation**.

Accordingly, since the prior art teaches away form the present invention, and since the Examiner has not provided any motivation or suggestions to modify Hough in the area of intellectual property with Pitkethly, Applicant respectfully submits that the claimed invention is patentable over Hough combined with Pitkethly. Withdrawal of this rejection is respectfully requested.

IV. Invention Still Patentable Over Examiner's Proposed Combination

Even if the Examiner's proposed combination is made, Applicant submits that the modified Hough prior art with Pitkethly does not render the presently claimed invention obvious. Specifically, the Examiner states that the "only difference between the claimed invention and the teachings of Hough is the type of data being claimed." As explained above, this admission by the Examiner should be sufficient in of itself to render the currently claimed invention patentable. In any event, however, the claims still recite features not shown or suggested by Hough and Pitkethly. For example, claim 15 recites the following:

> A computer assisted process for determining an estimated value of an intellectual property portfolio, the process comprising the steps of:
>
> (a) storing, by a computer, first objectively determinable characteristics of representative intellectual property portfolios and objectively determinable values corresponding to each of the representative intellectual property portfolios, the first objectively determinable characteristics and the objectively determinable values forming a baseline against which to assess the estimated value of the intellectual property portfolio;
>
> (b) analyzing the intellectual property portfolio to determine second objectively determinable characteristics of the intellectual property portfolio to be estimated;
>
> (c) deriving first information representing the second objectively determinable characteristics of the intellectual property portfolio to be estimated responsive to said analyzing step (b);
>
> (d) retrieving second information representing the first objectively determinable characteristics and the objectively determinable values of the representative intellectual property portfolios; and

(e) comparing the first information received from said deriving step (c) to the second information received from said retrieving step (d) producing an estimated value of the intellectual property portfolio when the first information of the intellectual property portfolio is statistically similar to the second information of one of the representative intellectual property portfolios.

The proposed combination by the Examiner does not at all suggest many of the above features, in combination. Without conceding that Hough and Pitkethly shows any of the features and elements of the presently claimed invention, **neither Hough or Pitkethly shows or suggests**, for example, the claimed feature of "the first objectively determinable characteristics and the objectively determinable values forming a baseline against which to assess the estimated value of the intellectual property portfolio." In addition, **neither Hough or Pitkethly shows or suggests**, "deriving first information representing the second objectively determinable characteristics of the intellectual property portfolio to be estimated." **In addition, either Hough or Pitkethly shows or suggests**, deriving information from real estate to be estimated. That is, Hough does not obtain its information from the real estate itself, whereas **in the present invention the information is derived from the intellectual property**.

Further, **neither Hough or Pitkethly shows or suggests**, "comparing the first information received from said deriving step (c) to the second information received from said retrieving step (d) producing an estimated value of the intellectual property portfolio." There is no disclosure in Hough of comparing information to produce the estimate value. As described above, Hough merely discloses an assessment routine which does not compare properties, but only determines am assessed value **of a single property**. (Column 8, lines 34-63; Column 7, lines 43-60). Without conceding that the assessment routine can even be used in the present invention, this aspect of Hough does not in fact disclose what the Examiner alleges.

Accordingly, for these exemplary reasons, as well as the fact that the Examiner has not provided any basis that the combination of limitations recited in the claims is shown or suggested by Hough or **Pitkethly**, Applicant respectfully requests that the present rejections be withdrawn.

CONCLUSION

Applicants respectfully submit that, as described above, the cited prior art does not show or suggest the combination of features recited in the claims. Applicants do not concede that the

cited prior art shows any of the elements recited in the claims. However, Applicants have provided specific examples of elements in the claims that are clearly not present in the cited prior art.

In addition, each of the combination of limitations recited in the claims includes additional limitations not shown or suggested by the prior art. Therefore, for these reasons as well, Applicants respectfully request withdrawal of the rejection.

Further, there is no motivation shown to combine the prior art cited by the Examiner, and even if these teachings of the prior art are combined, the combination of elements of claims, when each is interpreted as a whole, is not disclosed in the Examiner's proposed combination. As the combination of elements in each of the claims is not disclosed, Applicants respectfully request that the Examiner withdraw the rejections.

Applicants strongly emphasize that one reviewing the prosecution history should not interpret any of the examples Applicants have described herein in connection with distinguishing over the prior art as limiting to those specific features in isolation. Rather, Applicants assert that it is the combination of elements recited in each of the claims, when each claim is interpreted as a whole, which is patentable. Applicants have emphasized certain features in the claims as clearly not present in the cited references, as discussed above. However, Applicants do not concede that other features in the claims are found in the prior art. Rather, for the sake of simplicity, Applicants are providing examples of why the claims described above are distinguishable over the cited prior art.

Applicants wish to clarify for the record, if necessary, that the claims have been amended to expedite prosecution. Moreover, Applicants reserve the right to pursue the original subject matter recited in the present claims in a continuation application.

Any narrowing amendments made to the claims in the present Amendment are not to be construed as a surrender of any subject matter between the original claims and the present claims; rather merely Applicants' best attempt at providing one or more definitions of what the Applicants believe to be suitable patent protection. In addition, the present claims provide the intended scope of protection that Applicants are seeking for this application. Therefore, no estoppel should be presumed, and Applicants' claims are intended to include a scope of protection under the Doctrine of Equivalents.

Further, Applicants hereby retract any arguments and/or statements made during prosecution that were rejected by the Examiner during prosecution and/or that were unnecessary to obtain allowance, and only maintains the arguments that persuaded the Examiner with respect to the allowability of the patent claims, as one of ordinary skill would understand from a review of the prosecution history. That is, Applicants specifically retract statements that one of ordinary skill would recognize from reading the file history were not necessary, not used and/or were rejected by the Examiner in allowing the patent application.

For all the reasons advanced above, Applicants respectfully submit that the rejections have been overcome and should be withdrawn.

For all the reasons advanced above, Applicants respectfully submit that the Application is in condition for allowance, and that such action is earnestly solicited.

Serial No.: 09/839,301
Art Unit: 3628

AUTHORIZATION

The Commissioner is hereby authorized to charge any additional fees, which may be required for this Amendment, or credit any overpayment to Deposit Account No. 20-0778.

In the event that an Extension of Time is required, or which may be required in addition to that requested in a petition for an Extension of Time, the Commissioner is requested to grant a petition for that Extension of Time which is required to make this response timely and is hereby authorized to charge any fee for such an Extension of Time or credit any overpayment for an Extension of Time to Deposit Account No. 20-0778.

Respectfully submitted,

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